

Central Intelligence Agency



Washington, D.C. 20505

DIRECTORATE OF INTELLIGENCE

23 June 1986

China's Demarche on Taiwan's Indigenous Defense Fighter [redacted]

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SUMMARY

Beijing's demarche of 19 June concerning US assistance to Taiwan for its "indigenous defense fighter" (IDF) was prompted, in our judgment, by several factors. We believe the Chinese calculate that, although it is too late to stop the IDF program, they may be able to discourage the United States from moving ahead with a similar program to upgrade Taiwan's frigate fleet. The Chinese also may hope to persuade the United States to reverse its refusal to transfer technology to China in the F-8 fighter avionics upgrade package. The Chinese no doubt sought to maximize the impact of the demarche by making their move as Washington prepared for Vice Foreign Minister Zhu Qizhen's visit, but we doubt Zhu will make it a contentious issue. [redacted]

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This memorandum was prepared by [redacted] Office of East Asian Analysis. Information available as of 23 June 1986 was used in its preparation. Comments and queries are welcome and may be directed to the Chief, Foreign Affairs, China Division, OEA [redacted]

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Why Now?

We speculate China's primary reasons for making a demarche at this time are:

- Washington hosts Vice Foreign Minister Zhu Qizhen from 24 to 28 June and would be highly sensitive to any indications of Chinese dissatisfaction with the bilateral relationship.
- IDF contract negotiations have reached the signing stage.
- Washington has begun to seriously consider facilitating the sale of FFG-7 frigates to Taiwan. [redacted]

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In our judgment, Zhu is unlikely to press the issue much during his visit. Given the overall good state of US-China relations, the Chinese probably would consider a hardline performance by Zhu, who is "junior" to most of his American hosts, to be unnecessarily rude. Now that Beijing has set down its marker with the demarche, Zhu can maintain propriety while still alluding to the IDF deal or making a pro forma protest in the context of wider discussions. [redacted]

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Condemning the IDF to Forestall the FFG-7

We doubt that the Chinese expect to kill the IDF deal at this late date. Rather, we believe they hope to forestall a favorable US decision on the FFG-7 frigate for Taiwan--which they undoubtedly know is under consideration. They probably also want to discourage the United States from using this "backdoor" approach again. By naming the specific US arms contractors involved in the IDF deal, we believe the Chinese wanted to emphasize that they are well-informed on such US efforts to strengthen Taiwan's defense capabilities. By being firm but ambiguous about how they would react in the future, the Chinese probably hope the United States will show greater restraint in defense ties with Taiwan to keep US-China relations from deteriorating. Indeed, Hu Yaobang made just such a veiled warning on arms technology transfer in his interview with Selig Harrison on 23 April. [redacted]

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Persuading the United States to Transfer F-8 Avionics Technology

The Chinese protest also in part may be intended to gain leverage to persuade the United States to reverse its decision and allow China to have the production technology associated with the F-8 fighter avionics package. Members of PLA Chief of Staff Yang Dezhi's entourage repeatedly expressed their disappointment during his visit in May that there would be no technology transferred with the deal. Although the current package has already been approved by Congress and sent to COCOM, senior Chinese leaders may believe it is still possible to renegotiate this point if Beijing can increase its leverage. Given the administration's relative ease in pushing the current

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package through Congress, moreover, we speculate Beijing may believe the United States would have little difficulty gaining approval for a revision. [REDACTED]

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In any event, the Chinese probably resent Washington's refusal to transfer such technology to them at a time when it is providing Taiwan with the technology to build a new-generation fighter and considering the transfer of technology for a new frigate. They have always been hypersensitive, moreover, to what they regard as Washington's efforts to placate Beijing on US military technology transfers to Taiwan by selling China some of the arms it wants. Thus, while they may not go to the mat on the IDF or even the FFG-7, they may be signalling that the price of Chinese tolerance is going up. [REDACTED]

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Other Possible Motivations

In our opinion, it is conceivable that the following additional factors may have influenced China's decision to present a demarche:

- Keeping the United States from ignoring Chinese concerns on Taiwan at a time when Sino-Soviet political relations appear deadlocked.
- Responding in kind to recent US pressure on Beijing to halt arms sales to Iran.
- Protecting the reformist leadership's domestic flank from conservative charges that their desire for US technology, trade, and investment has caused them to abandon the Taiwan issue. [REDACTED]

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